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9 **UNITED STATES BANKRUPTCY COURT**
10 **NORTHERN DISTRICT OF CALIFORNIA**
11 **SAN FRANCISCO DIVISION**

12 **In re:**

13 **PG&E CORPORATION,**

14 **- and -**

15 **PACIFIC GAS AND ELECTRIC**
16 **COMPANY,**

17 **Debtors.**

- 18 ☐ Affects PG&E Corporation
19 ☐ Affects Pacific Gas and Electric Company
☒ Affects both Debtors

20 ** All papers shall be filed in the Lead Case, No.*
21 *19-30088 (DM).*

Bankruptcy Case No. 19-30088 (DM)

Chapter 11

(Lead Case) (Jointly Administered)

REORGANIZED DEBTORS' FORTY-FIFTH
OMNIBUS OBJECTION TO CLAIMS
(REDUCED AND ALLOWED CLAIMS)

Response Deadline:
December 1, 2020, 4:00 p.m. (PT)

Hearing Information If Timely Response Made:

Date: December 15, 2020

Time: 10:00 a.m. (Pacific Time)

Place: (Telephonic Appearances Only)

United States Bankruptcy Court

Courtroom 17, 16th Floor

San Francisco, CA 94102

1 **TO: (A) THE HONORABLE DENNIS MONTALI, UNITED STATES BANKRUPTCY**
2 **JUDGE; (B) THE OFFICE OF THE UNITED STATES TRUSTEE; (C) THE AFFECTED**
3 **CLAIMANTS; AND (D) OTHER PARTIES ENTITLED TO NOTICE:**

4 PG&E Corporation (“**PG&E Corp.**”) and Pacific Gas and Electric Company (the “**Utility**”), as
5 debtors and reorganized debtors (collectively, “**PG&E**” or the “**Debtors**” or as reorganized pursuant to
6 the Plan (as defined below), the “**Reorganized Debtors**”) in the above-captioned chapter 11 cases (the
7 “**Chapter 11 Cases**”) hereby submit this forty-fifth omnibus objection (the “**Objection**”) to the Proofs
8 of Claim (as defined below) identified in the column headed “Claims To Be Disallowed and Expunged”
9 on **Exhibit 1** annexed hereto.

10 **I. JURISDICTION**

11 This Court has jurisdiction over this Objection under 28 U.S.C. §§ 157 and 1334; the *Order*
12 *Referring Bankruptcy Cases and Proceedings to Bankruptcy Judges*, General Order 24 (N.D. Cal.); and
13 Rule 5011-1(a) of the Bankruptcy Local Rules for the United States District Court for the Northern
14 District of California (the “**Bankruptcy Local Rules**”). This matter is a core proceeding pursuant to 28
15 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409. The
16 statutory predicates for the relief requested are section 502 of Title 11 of the United States Code (the
17 “**Bankruptcy Code**”) and Rule 3007 of the Federal Rules of Bankruptcy Procedure (collectively, the
18 “**Bankruptcy Rules**”).

19 **II. BACKGROUND**

20 On January 29, 2019 (the “**Petition Date**”), the Debtors commenced with the Court voluntary
21 cases under chapter 11 of the Bankruptcy Code. Prior to the Effective Date (as defined below), the
22 Debtors continued to operate their businesses and manage their properties as debtors in possession
23 pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner was appointed
24 in either of the Chapter 11 Cases. The Chapter 11 Cases are being jointly administered for procedural
25 purposes only pursuant to Bankruptcy Rule 1015(b).

26 Additional information regarding the circumstances leading to the commencement of the Chapter
27 11 Cases and information regarding the Debtors’ businesses and capital structure is set forth in the
28 *Amended Declaration of Jason P. Wells in Support of the First Day Motions and Related Relief* [Docket
No. 263].

On July 1, 2019, the Court entered the *Order Pursuant to 11 U.S.C. §§ 502(b)(9) and 105(a), Fed. R. Bankr. P. 2002, 3003(c)(3), 5005, and 9007, and L.B.R. 3003-1 (I) Establishing Deadline for Filing Proofs of Claim, (II) Establishing the Form and Manner of Notice Thereof, and (III) Approving Procedures for Providing Notice of Bar Date and Other Information to All Creditors and Potential Creditors* [Docket No. 2806] (the “**Bar Date Order**”). The Bar Date Order set the deadline to file all proofs of claim (each, a “**Proof of Claim**”) in respect of any prepetition claim (as defined in section 101(5) of the Bankruptcy Code), including all claims of Fire Claimants (as defined therein), Wildfire Subrogation Claimants (as defined therein), Governmental Units (as defined in section 101(27) of the Bankruptcy Code), and Customers, and for the avoidance of doubt, including all secured claims and priority claims, against either of the Debtors as October 21, 2019 at 5:00 p.m. Pacific Time (the “**Bar Date**”). The Bar Date later was extended solely with respect to unfiled, non-governmental Fire Claimants to December 31, 2019 [Docket No. 4672]¹; and subsequently with respect to certain claimants that purchased or acquired the Debtors’ publicly held debt and equity securities and may have claims against the Debtors for rescission or damages to April 16, 2020 [Docket No. 5943].

By Order dated June 20, 2020 [Dkt. No. 8053], the Bankruptcy Court confirmed the *Debtors’ and Shareholder Proponents’ Joint Chapter 11 Plan of Reorganization Dated June 19, 2020* (as may be further modified, amended or supplemented from time to time, and together with any exhibits or scheduled thereto, the “**Plan**”). The Effective Date of the Plan occurred on July 1, 2020 (the “**Effective Date**”). See Dkt. No. 8252.

III. RELIEF REQUESTED

The Reorganized Debtors file this Objection, pursuant to section 502 of the Bankruptcy Code, Bankruptcy Rule 3007(d)(5), Bankruptcy Local Rule 3007-1, and the *Order Approving (A) Procedures for Filing Omnibus Objections to Claims and (B) the Form and Manner of the Notice of Omnibus Objections*, dated June 30, 2020 [Docket No. 8228] (the “**Omnibus Objections Procedures Order**”), seeking entry of an order allowing in reduced amounts the Claims identified herein that the Reorganized Debtors have determined should be paid at the reduced amounts set forth on Exhibit 1 (the “**Reduced**

¹ The claims of Fire Claimants will be administered through the Fire Victim Trust and the claims of Wildfire Subrogation Claimants through the Subrogation Wildfire Trust in accordance with the Plan.

1 **and Allowed Claims**”). The Reduced and Allowed Claims arise from alleged property damage
2 occurring in the ordinary course of the Debtors’ operations. Compensation for such Claims is determined
3 by the Utility’s Law Claims team applying California damages law principles and practices, pursuant to
4 which such Claims are compensated at the lesser of the cost of repairs or the current (depreciated) fair
5 market value of the damaged property. The Utility’s Law Claims team calculates depreciation to
6 determine fair market value based on established internal guidelines, applied consistently to all such
7 Claims. The amounts listed in **Exhibit 1** reflect the amounts for which the Reorganized Debtors believe
8 they are liable based upon these calculations.

9 The Reorganized Debtors determined these amounts based, in part, upon information provided
10 to them by the Claimants. If a Claimant believes that the amount is too low, it must submit additional
11 evidence in support of its Claim. However, the California Public Utilities Code requires the Reorganized
12 Debtors treat all Claimants equally; accordingly, the Reorganized Debtors are not permitted to make
13 concessions or accommodations for one Claimant without making similar concessions or
14 accommodations to all other similarly situated Claimants. Accordingly, the amounts set forth in
15 **Exhibit 1** only can only be revised with the introduction of additional damages evidence, and not for
16 any other basis.

17 In all cases, the Reorganized Debtors have attempted to contact the Claimants and have offered
18 to settle the Reduced and Allowed Claims at the amounts that correspond to the analysis done by the
19 Reorganized Debtors’ Law Claims team. In some cases, the Reorganized Debtors made a settlement
20 offer that the Claimant rejected. In others, the Reorganized Debtors contacted the Claimant with a
21 settlement offer, but did not receive a response. The Reorganized Debtors have waited a minimum of
22 ten business days since providing an initial settlement offer and following up before designating a Claim
23 a Reduced and Allowed Claim. The Reduced and Allowed Claims are identified on **Exhibit 1**, in the
24 column titled “Creditor,” and the amount that corresponds to the permitted payment amount is listed in
25 the column titled “Reduced Amount.” The Reorganized Debtors request that the Reduced and Allowed
26 Claims be allowed in the amount listed in the “Reduced Amount” column, and disallowed to the extent
27 in excess of that amount.
28

1 **IV. ARGUMENT**

2 **A. The Reduced and Allowed Claims Should be Allowed in the Reduced**
3 **Amount**

4 The Omnibus Objections Procedures Order supplemented Bankruptcy Rule 3007(d) to permit
5 the Reorganized Debtors to file objections to more than one claim if “[t]he claims seek recovery of
6 amounts for which the Debtors are not liable for the reason or reasons stated in the objection.” Omnibus
7 Objections Procedures Order, ¶2(C)(iii). Bankruptcy Rule 3007(e) requires that an omnibus objection
8 must list the claimants alphabetically and by cross-reference to claim numbers. Each of the Reduced
9 and Allowed Claims identified on **Exhibit 1** seeks an amount in excess of the liability amount determined
10 by the Reorganized Debtors’ Law Claims department. As noted above, the Reorganized Debtors have
11 attempted to contact each of the Claimants to resolve the subject Claims prior to filing this Objection;
12 however, the Reorganized Debtors either did not receive a response or their offer was rejected.

13 Each of the Claimants is listed alphabetically, and the claim number and amount are identified
14 in accordance with Bankruptcy Rule 3007(e). Furthermore, in accordance with the Omnibus Objections
15 Procedures Order, the Reorganized Debtors have sent individualized notices to the holders of each of
16 the Books and Records Claims. The Reorganized Debtors request that the Court allow the Reduced and
17 Allowed Claims in the amounts listed on **Exhibit 1**.

18 **B. The Claimants Bear the Burden of Proof**

19 A proof of claim is “deemed allowed, unless a party in interest . . . objects.” 11 U.S.C. § 502(a).²
20 Section 502(b)(1) of the Bankruptcy Code, however, provides in relevant part that a claim may not be
21 allowed if “such claim is unenforceable against the debtor and property of the debtor, under any
22 agreement or applicable law.” 11 U.S.C. § 502(b)(1). Once the objector raises “facts tending to defeat
23 the claim by probative force equal to that of the allegations of the proofs of claim themselves,” *Wright*
24 *v. Holm (In re Holm)*, 931 F.2d 620, 623 (9th Cir. 1991), quoting 3 L. King, *Collier on Bankruptcy* §

25 ² Under Section 7.1 of the Plan, the Reorganized Debtors have until 180 days after the Plan’s Effective
26 Date to bring objections to Claims, which deadline may be extended by the Court. On October 27,
27 2020, the Reorganized Debtors filed the *Motion for Entry of an Order Extending Deadline for the*
28 *Reorganized Debtors to Object to Claims* [Docket No. 9355], which seeks to extend this deadline 180
days through and including June 26, 2021, without prejudice to the right of the Reorganized Debtors
seek further extensions thereof.

1 502.02at 502-22 (15th ed. 1991), then “the burden reverts to the claimant to prove the validity of the
2 claim by a preponderance of the evidence,” *Ashford v. Consolidated Pioneer Mortgage (In re*
3 *Consolidated Pioneer Mortgage)* 178 B.R. 222, 226 (B.A.P. 9th Cir. 1995) (quoting *In re Allegheny*
4 *Int’l, Inc.*, 954 F.2d 167, 173-74 (3d Cir. 1992)), *aff’d without opinion* 91 F.3d 151 (9th Cir. 1996).
5 “[T]he ultimate burden of persuasion is always on the claimant.” *Holm*, 931 F.2d at 623 (quoting King,
6 *Collier on Bankruptcy*); *see also Lundell v. Anchor Constr. Specialists, Inc.*, 223 F.3d 1035, 1039 (9th
7 Cir. 2000), *Spencer v. Pugh (In re Pugh)*, 157 B.R. 898, 901 (BAP 9th Cir. 1993); *In re Fidelity Holding*
8 *Co.*, 837 F.2d 696, 698 (5th Cir. 1988).

9 As set forth above, the Reorganized Debtors are not liable on any of the Reduced and Allowed
10 Claims beyond the “Reduced Amount” listed on **Exhibit 1** and they deny any liability in excess of the
11 Reduced Amount. On that basis, the Reorganized Debtors submit that the Reduced and Allowed Claims
12 should be allowed in their respective Reduced Amounts and disallowed as to any and all amounts in
13 excess thereof. If any Claimant believes that it is owed more than the Reduced Amount, it must present
14 affirmative evidence to establish its entitlement to such excess amount.

15 **V. RESERVATION OF RIGHTS**

16 Except as stated in the final sentence of this Section, the Reorganized Debtors hereby reserve the
17 right to object, as applicable, in the future to any of the Proofs of Claim listed in this Objection on any
18 ground, and to amend, modify, or supplement this Objection to the extent an objection to a claim is not
19 granted, and to file other objections to any proofs of claims filed in these cases, including, without
20 limitation, objections as to the amounts asserted therein, or any other claims (filed or not) against the
21 Debtors, regardless of whether such claims are subject to this Objection. A separate notice and hearing
22 will be scheduled for any such objections. Should the grounds of objection specified herein be overruled
23 or withdrawn, wholly or in part, the Reorganized Debtors reserve the right to object to the Reduced and
24 Allowed Claims on any other grounds that the Reorganized Debtors may discover or deem appropriate.

25 If the holder of any Claim identified in this Omnibus Objection does not file a Response to or
26 otherwise contest the Omnibus Objection, such Claim will be allowed and paid in the specified “Reduced
27 Amount” and, notwithstanding the foregoing Reservation of Rights, the Reorganized Debtors waive any
28 further objection to such Claim.

1 **VI. NOTICE**

2 Notice of this Objection will be provided to (i) holders of the Reduced and Allowed Claims;
3 (ii) the Office of the U.S. Trustee for Region 17 (Attn: Andrew R. Vara, Esq. and Timothy Laffredi,
4 Esq.); (iii) counsel to the Creditors Committee; (iv) counsel to Tort Claimants Committee; (v) all counsel
5 and parties receiving electronic notice through the Court's electronic case filing system; and (vi) those
6 persons who have formally appeared in these Chapter 11 Cases and requested service pursuant to
7 Bankruptcy Rule 2002. The Reorganized Debtors respectfully submit that no further notice is required.
8 No previous request for the relief sought herein has been made by the Reorganized Debtors to this or
9 any other Court.

10 WHEREFORE the Reorganized Debtors respectfully request entry of an order granting (i) the
11 relief requested herein as a sound exercise of the Reorganized Debtors' business judgment and in the
12 best interests of their estates, creditors, shareholders, and all other parties interests, and (ii) such other
13 and further relief as the Court may deem just and appropriate.

14 Dated: November 5, 2020

KELLER BENVENUTTI KIM LLP

15 By: /s/ Peter J. Benvenuti
16 Peter J. Benvenuti

17 *Attorneys for Debtors and Reorganized Debtors*
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